



THE COMMONWEALTH OF MASSACHUSETTS

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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September 29, 2006

Patricia French
Lead Counsel
NiSource Corporate Services
300 Friberg Parkway
Westborough MA 01581-5039

Re: Bay State Gas Company, Revised October 2006 Off-Peak CGAC Filing,
D.T.E. 06-GAF-O1

Dear Attorney French:

The Department of Telecommunications and Energy ("Department") hereby gives conditional approval to Bay State Gas Company's ("Bay State" or "Company") revised Off-Peak Cost of Gas Adjustment Factors ("GAFs") filed on September 22, 2006, of \$0.7019 per therm for low load factor customers and \$0.6529 per therm for high load factor customers. The revised GAFs are to be applied to firm gas sales during the billing period of October 1, 2006 through October 31, 2006.

The Department allows the application of the revised GAFs, but may, if future conditions warrant, change the factors or the method of computation. The Department may, as

conditions warrant, also require Bay State to refund to its customers any amounts that are, upon later review of Company filings or of other relevant evidence, found by the Department to be the result of imprudent Company action.

By Order of the Department,

/s/
Judith F. Judson, Chairman

/s/
James Connelly, Commissioner

/s/
W. Robert Keating, Commissioner

/s/
Brian Paul Golden, Commissioner

/s/
Soo J. Kim, Commissioner

cc: Service List